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WAR MATERIAL PRODUCTION IN EAST GERMANY AS OF THE END OF 1950

[redacted] 50X1-HUM

I. THE SOVIET NOTE OF 5 FEBRUARY 1951

In the Soviet note of 5 February 1951 to the US, France and England concerning a new meeting of the foreign ministers, it was stressed that "the fulfillment of the provisions of the Potsdam agreement on the demilitarization of Germany would unquestionably contribute a great deal to the improvement of relations between the US, France, Great Britain, and the USSR."

Chapter III of the Potsdam agreement provides for "the complete disarmament and demilitarization of Germany and the elimination of all German industry which is convertible to arms production."

The Soviet note goes on to state that "not only is the demilitarization of Germany not being carried out, but, on the contrary, steps are being taken to set up a regular German army again and to revitalize the war industry of West Germany."

To the statement in the earlier note of 22 December 1950 from the Western Powers to the USSR that only in the East Zone of Germany is there any rearming to be investigated, the Soviets in their reply of 30 December 1950 protested" ... all the more insupportable are the attempts of the Western Powers to justify

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the remilitarization of West Germay by reference to a supposed rearming in East Germany. Everything adduced in the note (of the Western Powers) on this matter is pure invention and in no sense corresponds to the truth."

Practically all official notes and reports of the Soviets have for years now followed this formula, frequently with a special reference to the fact that the Soviets have, throughout the Soviet Zone, scrupulously observed and carried out the provisions of the Potsdam agreement in the matter of demilitarization, disarmament, and the elimination of every industry even remotely connected with armament.

Contrary to the Soviet statements, there is no "regular German army" in the German Federal Republic. On the other hand, the Alert Police in the Soviet Zone are beyond all doubt, in training and equipment, a military group under Soviet command.

As far as industrial demobilization is concerned, it must be definitely stated that the West German steel production is still restricted. In accord with the Potsdam agreement, many limitations on industrial production are still in effect; for example, on synthetic rubber and synthetic fuel production. Recently, with certain limitations, aluminum production has been permitted. There are still curbs on the production of chlorine and other chemicals. In the Soviet Zone however, the situation is quite different, as will be shown below.

II. DEFINITION OF WAR PRODUCTION

The general statements which came into acceptance in 1945 have declared practically every product to be a war product. However, the concept of "war goods" is not going to be taken in so wide a sense in this study.

The manufacture of ammunition and weapons, tanks or tank parts, or any kind of specifically military equipment comes without question under the heading "war production", no matter how the term is defined.

Also, uniforms, aiming devices, or signaling apparatus, insofar as they conform to military specifications, can be regarded as war goods. The same is true of military boots, sword belts, ammunition pouches, and slings for small arms and automatic weapons.

If the food-processing industry in a given area, as in East Germany, is obliged to turn over a large proportion of its capacity to canning food according to army regulations, then that can be regarded as war production.

If the steel capacity of an area is abnormally expanded, if the production of synthetic rubber and synthetic fuels is constantly and tremendously increased, and if these products are delivered predominantly to the army, then these goods can be regarded as war goods.

We shall show in detail for how long and to what extent such war production has been going on in East Germany. And specifically we shall show how this production has been carried out at the express command of the Soviet occupation authorities or the Soviet Army, to a large extent in plants which are formally under the direction of and are responsible to the Soviet authorities, namely the SAG (Soviet Corporations).

III. ARMAMENT PRODUCTION IN EAST GERMANY, 1945 - 46

Up to 1945, the greatest concentration of specific war production in East Germany lay in that part which was at first occupied by US troops: Sachsen-Anhalt west of the Elbe, West Sachsen, and Thueringen.

In accordance with earlier agreements among the Allies, these areas were turned over to the Soviets. One of the first acts of the Soviets was to start war production again in plants which had been shut down by the Americans.

The hydrogenation plants in Zeitz, Boehlen, and Leuna promptly began making synthetic fuels; Boehlen also produced aviation gasoline. The Buna Plant in Schkopau immediately began the production of synthetic rubber. The Zeiss Plant in Jena produced optical apparatus for the Soviets. The Siebel Aviation Plant in Halle/Saale continued to make jet aircraft. Siemens in Arnstadt produced telescopic and signaling apparatus for the Red Army. BMW (Bavarian Motor Works) in Eisenach delivered passenger vehicles to the Red Army. The Polte firm in Magdeburg and Arnstadt continued to make small arms and ammunition and armorpiercing shells.

The subterranean Mittelwerke in Nordhausen worked on in the old limestone pits on V-weapons. At the Neptun Shipyard in Rostock, Soviet naval vessels were repaired and outfitted. The testing of V-2 weapons went on at Peenemuende. In Leipzig, bolt assemblies for small arms and machine guns were made. Small arms were again produced at Suhl. Railroad car manufacturers made special broad-gauge undercarriages for guns and tanks. The great textile plants in the Soviet Zone manufactured uniforms for the Red Army and the big shoe factories made military boots and other leather goods. The foodstuffs industry put up canned goods for the Red Army.

This is a small sample of the war production which began again in the Soviet Zone in summer 1945. The plants listed are to a large extent those which had been declared to be Soviet Army plants, whose direction and control lay in the hands of Soviet Army officers; most of these plants became SAG.

Typical of the USSR's manner of operation in war industries in the Soviet Zone was the reopening of the Siebel Aviation Plant in Halle/Saale. US troops, as the first occupying power in this area, had taken along some of the plans, models, and sundry items when they withdrew to the West. On the first day of their occupation of Halle they shut down the plant, dismissed the personnel, and moved prisoners from concentration camps into the workers' settlements near the plant. The first thing the Soviets did was to remove these unfortunates from the dwellings and to reinstall the key personnel in the settlements. They made no distinction as to whether the test pilots, designers, or engineers were members of the NSDAP /Nazi Party/ or senior SS officers; anyone regarded by the Soviets as a "specialist" in the manufacture and testing of jet planes was automatically considered politically sound.

Through agents, the Soviets made every effort to win back to the Siebel plant those engineers and designers who had in the meantime moved to the West. As soon as enough "specialists" were assembled, the plant was again set in operation. The workers, office employees, designers, and engineers were given very high salaries and large increases in food rations.

War production ran at full speed until fall 1946. Only when the demands of the West to allow an Allied commission to inspect the shutting down and dismantling of the war plants in the Soviet Zone could no longer be put off (the Soviets were influenced, too, by the result of the elections of September - October 1946, which, in spite of terror, showed an anti-Communist majority),

were the war plants in the Soviet Zone dismantled at breakneck speed. Within a few days the plants were stripped and, together with the specialists, engineers, and designers, moved off to the USSR. Only the production of tank parts and small arms, synthetic fuel and rubber, optical and signaling devices, and war equipment and canned food for the Soviet Army were continued in the Soviet Zone, principally in SAG and Soviet Army plants.

IV. THE INCORPORATION OF EAST GERMANY INTO THE SOVIET ARMAMENT POTENTIAL

There are clearly four phases in the exploitation of East Germany and its incorporation into the total Soviet armament potential. The measures and orders of the Soviets correspond in each case to the changing goals of total Soviet policy.

In the period immediately after the surrender, the Soviets acted to some extent in accord with the provisions of the Potsdam agreement. During this first phase, from summer 1945 to spring 1946, the predominant tendency was to dismantle as great a part of the industrial installations as possible and to set them up again in the devastated areas of the USSR.

The war industries to a large extent remained untouched by the several waves of dismantling. Rather, they keptright on producing what they had been turning out during the war: tanks, V-rockets, jet aircraft, etc. (until fall 1946).

It became clear very early that the destruction of the industrial potential in the Soviet Zone and the removal of the dismantled plants (which to a large extent were plants engaged in normal peace production) to the Soviet Union meant no increase in the latter's potential. For one thing, much of the equipment was damaged en route and much of it reached the USSR with parts missing and was thus of no use. Furthermore, the USSR lacked the necessary trained personnel for erecting and operating the dismantled plants.

These experiences were the cause of the second phase of Soviet economic policy in the Soviet Zone, beginning in spring 1946. The large industrial plants still in existence, if they were modern and reasonably whole, were simply transformed into SAG. In this way the majority of the key plants in East Germay (particularly in the iron and steel, heavy machine-building, and heavy chemical industries) continued to produce as they had prior to 1945, without ever coming under the limitations imposed by the Potsdam agreement.

During this second phase, which lasted from spring 1946 to spring 1948, all industrial and hand trade plants in the Soviet Zone were obliged to devote 80 - 90 percent of their production capacity to the manufacture of reparations goods. The burden fell just as hard on the SAG as it did on those plants which were still in private hands or on the so-called "people-owned enterprises."

Without regard for the needs of the zone itself, the total economy of East Germany was harnessed to economic reconstruction and to strengthening the economic potential. It was a period of ruthless economic exploitation.

When, as a result of Soviet measures, the separation of the eastern and western occupation zones became more sharply emphasized, and the USSR could no longer hope to bring West Germany under its authority by means of ideological warfare or pressure, the third phase in the economic development of the Soviet Zone began, in spring 1948. Its goal was to regain the production level of 1936, while still retaining the reparations policy.

The Soviet Zone Two-Year Plan (1949-1950), and even before that the Second Half-Year Plan of 1948, had, primarily, the task of building up those branches of Soviet Zone industry which were of particular importance to the Soviet potential. For this purpose the SAG were expanded and those partially or totally dismantled key industrial plants which had become people-owned were re-equipped and expanded in great haste. In some cases the USSR itself furnished the necessary materials, machines, and equipment (from the mass of dismantled goods), and, to a large extent, it furnished the plans.

Among these hurriedly expanded capacities were, first and most important, the whole metallurgy complex, including heavy machine building and heavy chemistry; coal and power; vehicle construction; and the optical industry.

The trend becomes clearer in the fourth phase, that of planning for the future. The East German Five-Year Plan, 1951 - 1955, which is designed down to the smallest detail to fit in with the Soviet Five-Year Plan and the analogous plans of the other People's Democracies, has (according to official statements) the task of supporting and strengthening the Soviet economic potential in general and the Soviet war potential in particular.

Within the framework of this Five-Year Plan, the Soviet Zone is to be completely incorporated into the Eastern bloc as a Satellite state. A few material improvements in the living standard are supposed to make this forced incorporation more palatable.

V. WAR GOODS POTENTIAL IN EAST GERMANY

Two distinctions have to be made in an evaluation of the armament potential of the Soviet Zone in terms of its importance for the USSR.

1. A direct strengthening of Soviet war potential takes place through the SAG. The SAG deliver their products directly to the USSR or to the Soviet Army. Manpower, raw materials, power, and semifinished products for the SAG are furnished primarily, and preferably, by East Germany. At least 50 percent of the total potential of the Soviet Zone economy is required to supply the SAG. The main emphasis is on heavy machine building and on all kinds of steel and chemical products. In addition, the Soviet war potential is further strengthened as a result of the delivery orders /placed with East German firms/ and the military equipment of all sorts (optical and signal equipment, leather goods, textiles, vehicles, food, etc.) which is demanded from the East German economy by the Soviet occupying forces.

2. The Soviet war potential is constantly strengthened indirectly by reparations deliveries and by export trade with the USSR. Here, too, it is largely a matter of steel and heavy machines, copper, fuels, buna, and other chemical products. In order to strengthen these strategic sectors of the war potential, there has been a forced expansion since 1948 of the following branches of industry in the Soviet Zone:

a. Iron and Steel

Crude steel production can illustrate to what extent production is to be expanded within the framework of the Five-Year Plan. A comparison with the production figures of the years 1946 and 1948 makes clear that this is not a normal growth.

Crude Steel Production in the Soviet Zone

(tons)

Actual Production

1936	1,198,000
1946	157,000
1947	177,000
1948	270,000 (plan quota was 315,000)

Plan Quota

1949	545,000
1950	1,250,000
1951	1,670,000
1955	3,000,000

The quota for 1955 is almost 11 times the actual 1948 production and almost ten times the 1948 quota. In order to achieve the 3 million tons set for 1955 it will be necessary, for industrial and geographical reasons, to erect new metallurgical plants.

One of the most important projects is the reconstruction of the Brandenburg Steel and Rolling Mill, which was dismantled in 1945. It is to be equipped for a yearly capacity of 500,000 tons of crude steel. Four open-hearth furnaces of 100 tons capacity each have already been set up; six additional furnaces are to be put into operation in 1951. For the rolling mill it is planned to have a 2-high ingot-rolling mill, a billet-rolling mill, a blooming mill, and a sheet-rolling mill. Furthermore, a roller foundry and a cast-iron foundry are planned; the latter is supposed to be the largest in the GDR.

A very large project is the "East Metallurgical Combine at Fuerstenberg Oder, whose planning was begun in mid-September 1950. With 12,000 workers, the plant is to have a pig iron production of 500,000 tons and a steel production of 550,000 tons.

The blast-furnace plant is to have three modern blast furnaces, each with a daily capacity of 500 tons. The steel plant is to be equipped with ten open-hearth furnaces of 50 tons capacity each, a large Talbot furnace, and a gigantic mixer heated by waste gas. The rolling mill is to have a 2-high reversing mill of the largest size, a plate-rolling mill for heavy sections and coarse material, and a wide strip mill for medium and thin sheet, with a capacity of 150,000 tons per year.

Furthermore, Fuerstenberg is to have a steel-casting foundry with a capacity of 10,000 tons per year, a cast-iron foundry, a roll foundry, a roll-turning shop, a sheet-metal-working plant, an electric power plant, a gasworks, and a cement factory.

As for raw materials, Fuerstenberg expects to receive one million tons yearly of high-grade iron ore from the Donets basin of the USSR; Poland will deliver 800,000 tons of blast-furnace coke from Gorny Slask; the Soviet Zone will furnish the plant, labor, and power.

Another large-scale project is the metallurgical plant in Calbe-Saale, erection of which has already begun. It is to be put into operation in 1951. Altogether the plant will have 20 low-shaft furnaces. In the first construction period, two batteries of five furnaces each are to be erected; these are to produce 400,000 tons of pig iron yearly.

The Calbe project is being pushed at top speed; it will be similar in construction to the Fuerstenberg combine. The raw material supply for Calbe is planned as follows: besides the yield of the Harz iron-ore mines, the plant will receive the fine ore mined in East Germany. It will also smelt the roasted pyrites obtained from sulfuric acid manufacture. Its low-shaft furnaces will use brown coal, of which there is an ample supply in the Soviet Zone.

The crude steel produced in the existing metallurgical plants (Maxhuette in Unterwellenborn, Riesa, Hennigsdorf, etc.) is processed almost exclusively into rolled products.

There are many iron and steel foundries in the GDR. The iron foundries are able to cover the needs of the machine-building plants, but, in view of the demands of the Five-Year Plan, these foundry facilities are being increased. Up to now the bottleneck has been the supply of cast steel. Cast steel capacities are now being greatly expanded. At present, the cast steel capacity, not including the considerable capacity of the cast steel foundries of the various SAG (Wolf-Buckau, Otto Gruson, etc.), is about 30,000 tons per year.

Since it is known from experience that in all the planned industries under Soviet control the supply of the civilian sector always plays a very subordinate role and that the bolstering of the war potential always is of paramount importance, the extraordinary capacity increase in iron and steel in the Soviet Zone indicates clearly a strengthening of the Soviet war potential.

All official statements on the Five-Year Plan speak emphatically of the key position of iron and steel and heavy machine building, upon which, in turn, all armament depends. The forced construction and expansion of the iron and steel capacity in the Soviet Zone is carried on by the Soviet Control Commission with the trumped-up excuse that crude steel production in the USSR in 1950 was only about 30 million tons, whereas the capacity of the USA was 100 million tons in the same year.

The following figures indicate very clearly to what extent the iron and steel industry in East Germany is to expand under Soviet rule.

Production of Iron and Steel in the Soviet Zone

Product	Actual Output 1948	Plan Quota 1955	Percent of Increase Over 1948
	(in tons)		
Iron ore	248,000	1,800,000	about 725
Pig iron	181,000	1,250,000	" 700
Crude steel	195,000*	3,000,000	" 1540
Rolled steel	151,000*	2,200,000	" 1450

* Not including the SAG.

b. Nonferrous Metals

About 80 percent of the total German production of copper, strategically the second most important metal, occurs in the Soviet Zone in the Mansfeld-Hettstedt-Eisleben area. In 1949 the VVB, (Federation of People-Owned Enterprises) Mansfeld, in Eisleben, produced 8,000 tons of pure copper from about 650,000 tons of smelting ore. The quota for 1950 was 11,000 tons of pure copper from 850,000 tons of ore.

Since the pits in the Mansfeld area are constantly becoming less productive and will probably be exhausted within 10 years, the Five-Year Plan aims to shift the emphasis to Sangerhausen-Riesstedt. According to plan, a yearly output of 900,000 tons of smelting ore is to be attained here. In 1952, 10,000 miners are to be settled in the new district.

Assuming that it will still be possible to mine 850,000 tons in the Mansfeld area in 1955, the new openings in the Sangerhausen area would approximately double the copper production of the Soviet Zone.

The Mansfeld copper shale mining has for decades required state subventions; it will continue to require them because of the geological conditions and the technological methods used in the mining operations. In addition, tremendous sums are required as subventions for the new openings. All this forcing of the copper production in the Soviet Zone makes sense only from the point of view of war economy.

The supply of aluminum and aluminum alloys in the Soviet Zone is at present very poor. Therefore, the production of aircraft and aircraft parts has not again been resumed since being shut down in 1946.

The electrolysis installations for the production of primary aluminum, magnesium, and electron at the former IG Farben plants in Bitterfeld, Stassfurt, and Aken and at the largest aluminum-producing plant of the Soviet Zone, the Lauta plant in Lauta (Lausitz), were dismantled in 1946.

The rebuilding of aluminum capacity began in the SAG Bitterfeld Electrochemical Combine, where, at first, a rather small installation was set up that turned out 1,000 tons of pure aluminum in 1949. In 1950 it produced about 3,000 tons. In 1951, the plant is to be expanded to a capacity of 15,000 tons.

According to present plans an aluminum electrolysis unit is to be installed at the Lauta works, which is now a part of VVB Alu (Federation of People-Owned Enterprises for the Production and Processing of Aluminum). The expansion of the partially dismantled Lauta power plant has already been started and was supposed to be completed in 1950.

Since bauxite is not found in the GDR, this essential raw material must be imported, most of it from Hungary.

Because pure aluminum is scarce in the GDR, secondary aluminum is obtained from light metal scrap supplies left from the last war. The Bitterfeld SAG Combine and some 30 smaller people-owned plants are doing the recovery work; the total remelting capacity is about 20,000 tons.

c. Uranium

In spring 1947, under the name Wismuth AG, the Soviets began the search for uranium ore. Since then, the uranium-mining areas have constantly been increased and expanded. Now, in the Erzgebirge alone, from the Czech border (Johanngeorgenstadt-Annaberg-Schwarzenberg) to Zwickau (Aue-Schneeberg-Oberschlema) about 150,000 persons are occupied in uranium mining.

From an economic point of view this undertaking is stupid, since the operating costs exceed many times the value of the ore. However, the Soviets apparently are concerned only with obtaining every possible bit of uranium for their atomic production, regardless of cost.

Over extensive areas shaft after shaft is sunk. The size of the shafts varies greatly; there are some with drifts running far under the earth in which thousands of men work; there are dozens of others that are shallow with few or no crosscuts. Again there are cuts running straight into a hillside where frequently only two dozen men work. If one shaft becomes unproductive, another is frequently sunk just 50 or 100 meters away; it often happens that discarded shafts are again put into operation.

After the mined ore is washed, it is packed into special tubs or boxes and transported by truck or rail to the USSR, where it is processed. Every one of these ore shipments passes under the eyes of special Soviet troops.

Because of the tight secrecy measures, no figures are available on uranium ore production. From a comparison of reports of miners in various shafts it can be determined that the total yield of useful uranium ore (pitchblende) is quite small.

There is some uranium mining around Vollstedt in the vicinity of Eisleben (Mansfeld copper-mining area), but the number of persons employed there is considerably less than in the Erzgebirge region; comparatively, however, the yield there is higher. In spring 1950 uranium mining was started in Thueringen. From Eisenach all along the ridges of the Thueringen forest as far as Kahla, prospectors of Wismuth are on the trail of uranium. In the vicinity of Ilmenau-Manebach the first shafts were sunk just a few months ago. Also to the south of Unterwellenborn there are some drilling preparations; the number of persons employed in these operations is still small. Further mining operations are going on in Bernburg (Sachsen-Anhalt) and in the Freiberg area to the south and west of Dresden.

Altogether about 250,000 persons are employed in the uranium-mining operations of Wismuth. These workers are generally forced labor; their working conditions are at times medieval. The number of deaths and serious injuries is high; the number whose health is permanently impaired runs into the tens of thousands.

The uranium in the Soviet Zone are very similar to the Soviet forced labor camps, except that Wismuth still pays regular salaries. Of course, these salaries, and all the other tremendous costs, must be paid from the taxes of the East German population.

The uranium mining areas are Soviet reserves which are hermetically sealed off from the outside world and in which the secret police swing their scourges over slave labor, male and female. To an ever greater extent, political prisoners, as in the USSR, are being put into the uranium mines, where they work without wages.

d. Heavy Machine Building

The importance of heavy machinery as the basis of all war production was underscored in the production prohibitions set up in London by the Allies. In the Soviet Zone, great attention was paid to the rehabilitation of heavy machine building in the Two-Year Plan (1949 - 1950); now, in the Five-Year Plan (1951 - 1955), it has become one of the key efforts.

The principal concern is the construction of heavy machine tools. For the last 2 years the VVB WMW (Machine Tools and Tools) has been busy designing and drawing. As early as 1950, the Meuselwitz WMW Machine Factory turned out 20-ton lathes, which can handle jobs up to 10 tons in weight.

The Five-Year Plan names the following WMW plants particularly for the manufacture of heavy machine tools:

Niles Works, Chemnitz	Lathes, drill presses, milling machines of all types
Niles Works, Berlin	Vertical lathes up to 5 meters table diameter, radial drills, gear-processing machines
Aschersleben Machine Tool Plant (formerly Billeter & Klunz)	Parallel-planing machines
Meuselwitz Machine Plant	Heavy-duty lathes
Wanderer Plant, Chemnitz	Gear-processing machines
Union Machine Plant, Gera (formerly Wetzel)	Horizontal boring and milling machines

It is clear from official statements that by far the greatest part of the output of heavy machine tools is destined for the USSR and the Satellites, where they will be used to strengthen war production capacities. The heavy machine industry of the Soviet Zone will be refurnished with what is left.

New reserves of machine tools are being built up energetically; this may definitely be considered as war preparation, since the Soviets constantly support the plans and projects with advice and designs.

e. Heavy Chemistry

What great emphasis the Soviets place on the chemical industry, including coal products, within the total economy, particularly in terms of their own war potential, is seen in the fact that almost all the large chemical plants in Central Germany have become Soviet property. The large plants of the former IG Farben Industry (Leuna, Schkopau, Bitterfeld, Boehlen, etc.) have been operating at full capacity for the Soviets since 1935 as SAG.

Moreover, the production increases specified in the Five-Year Plan (1951 - 1955) for the chemical industry leave no room for doubt that war production is the compelling factor in the efforts to expand this branch of industry. It has been this same interest in war production that has caused the Soviets to disregard completely, from the first day of their occupation, the very clear prohibitions of the Potsdam agreement against the production of synthetic rubber and synthetic fuels.

The output value for the year 1955 is set at 6.6 billion marks, or 132 percent of the 1950 output and 304 percent of the 1936 output. /Here, and throughout this document, there is no indication whether values are in West marks or East marks./ The Five-Year Plan sets the following production figures for the most important chemicals:

1955 Plan Figures for the Chemical Industry

	Planned Production (tons)	In (%) of 1950
Gasoline	780,000	175
Diesel fuel	475,000	119
Synthetic rubber	60,000	159
Motor vehicle tires	900,000	200
Sulfuric acid (SO_3)	400,000	156
Textile cellulose	162,000	163

(Continued)

	Planned Production (tons)	In (%) of 1950
Rayon	32,000	314
Synthetic fibers	126,000	154
Soda (Na_2CO_3)	380,000	372
Caustic soda (NaOH)	250,000	170
Nitrogenous fertilizers (in terms of nitrogen)	235,000	113
Phosphorus fertilizers	93,000	191

Synthetic fuels (gasoline and diesel oil) are produced in East Germany almost exclusively from brown coal. The supply of brown coal is short for civilian use, since the Soviets insist that the hydrogenation plants be supplied first.

The war damage to the SAG Boehlen, Zeitz, and Leuna, the most important hydrogenation plants, was rapidly repaired by the Soviets immediately after 1945 so that production could be increased.

Because of the strategic importance of synthetic fuels, the Soviets placed the distribution of fuels in the hands of their own occupying authorities and doled out only very small amounts to the Germans for their needs. Even diesel fuel, which was available to the civilian population in adequate quantities up to mid-1950, is now hard to get.

Although the Five-Year Plan sets large production increases in the fuel industry, the civilian sector will not profit at all from these increases; they serve only to increase the fuel supply of the Soviets. The high octane aviation gasoline produced since 1945 at SAG Boehlen (and, to a limited extent, at Leuna) goes exclusively to the Soviets.

Synthetic rubber has been produced without interruption since 1945 at SAG Buna in Schkopau. In 1946 and 1947 some parts of Buna were dismantled, thus eliminating certain by-products, such as Perbunan. However, simultaneously with the dismantling order came an order from the Soviet authorities that the dismantled parts be rebuilt. According to the Five-Year Plan, Buna production is to be increased from 40,000 to 60,000 tons.

The processing of buna into tires did not begin until 1947 - 1948. The Soviet Zone tire industry had been almost totally dismantled. In 1950, the planned quota of tires for the people-owned tire plants in Riesa and Ketschendorf was 450,000 units; twice that number, 900,000 units, are to be produced in 1955. Just as formerly most of the synthetic rubber went to the Soviets, now most of the tires go to them. Tires for the Soviet Zone itself are in very short supply.

Sulfuric acid production in East Germany was declared to be a part of the key industry program in the Two-Year Plan (1949 - 1950). Sufficient supplies of sulfuric acid are indispensable to the extensive plans of the Soviet Zone; it is needed particularly in the manufacture of synthetic fibers and phosphate fertilizers.

Sulfuric acid production (in terms of SO_3) in East Germany was 302,000 tons in 1936, 90,000 tons in 1947, and 150,000 tons in 1949.

The quota for 1950 was originally set for 302,000 tons, the same as 1936. This figure had to be revised downward to about 255,000 tons, because it was impossible to set up the necessary installations in time. An increase to 400,000 tons is, however, planned for 1955.

Sulfuric acid is produced in metallurgical plants and pyrite-roasting plants; it is also produced from gypsum. Since the only source of pyrites in the Soviet Zone (at Elbingerode) is insufficient, pyrites are to be imported from Eastern Bloc states and from Scandinavia. The Five-Year Plan lays great emphasis on the gypsum process.

Particularly striking is the increase planned for soda production. In 1955, 380,000 tons of soda are to be produced, a 372-percent increase [sic] over the 100,000 tons (approximately) produced in 1950. Before the war Eastern Germany produced about 550,000 tons of soda. After the dismantling of the largest soda plant, the German Solvay Plant in Bernburg, the total capacity shrank to about 65,000 tons. The Solvay plant was essentially a Belgian enterprise. In a mock "trial" some legal basis was sought to convert the plant into a "people-owned property." As a VEB, the Solvay plant in Bernburg is scheduled, within the Five-Year Plan, to expand tremendously.

The present shortage of soda makes it difficult to maintain an adequate supply of caustic soda, since it must to a large extent be used in place of soda. The increased production of sulfuric acid makes possible the planned increase in synthetic fiber production, but the need for caustic soda to treat the fibers increases in the same proportion. This fact is taken into account in the Five-Year Plan, which sets as its goal a production increase in caustic soda to 170 percent of 1950 production. Of course, it is hoped that increased soda production will release larger and larger quantities of caustic soda for synthetic fiber production.

According to the Five-Year Plan, a considerable number of new installations will be set up for cellulose production, particularly in Wittenberg, Saalfeld, and Land Sachsen. Ostensibly, this is being done to improve the lot of the Soviet Zone population, for whom the supply of textiles is still woefully inadequate. Actually, the real reason for the planned increases in synthetic fiber production is the constantly growing demand of the Soviet Zone's People's Police for textiles; more and more the People's Police are emerging as the main consumers after the enormous demands of the occupying forces (uniforms, overcoats, underwear for the Soviet Army) have been met.

VI. INSTALLATIONS AND EQUIPMENT FOR ARMAMENT PRODUCTION

From the point of view of raw materials, armament production in the Soviet Zone for the USSR has been prepared for long in advance. It has also long been apparent that the capacities of the metal-processing industry were being expanded and readied for rapid conversion to extensive armament production. Here are two examples:

1. Machine Rental Stations

A far-reaching, and, from a strategic point of view, completely new project is the setting up of the large people-owned MAS (Machine Rental Stations). In the years 1949 - 1950, 83 MAS were set up throughout the Soviet Zone. In structure, as well as in type of machinery and personnel, they are so constituted that they can be transformed overnight into assembly or repair stations for tanks. The planned -- and actual -- labor force in each of these stations is 145 men and

60-80 apprentices. Forty of these 83 stations, strategically scattered through Eastern Germany, are equipped as special engine shops with all modern facilities for the repair of diesel and gasoline engines. The workshops in all these stations are so big that up to 30 large vehicles can be repaired at once. Each of these stations has six or eight repair pits whose foundations are strong enough to support even the heaviest tank. The workshops are so arranged that vehicles can leave without having to back out. Whereas in normal shops there is a constant lack of repair material and tools, the MAS are extraordinarily well equipped with repair material, tools, and machinery. Indeed, they have more equipment than could ever be used for the normal repair requirements of agricultural machinery.

2. Tractor Plants

The erection and expansion of tractor plants is going on constantly, too, at scattered points throughout the Soviet Zone. The tractor plant at Zwickau, formerly the Horch plant of the Automobile-Union, which during the last war turned out armored reconnaissance cars, is now producing the 40-horsepower "Pionier" tractor. The Ifa (Vehicles and Accessories) Plant in Brandenburg builds the 30-horsepower "Aktivist" tractor. The Schoenebeck/Elbe Tractor Plant is turning out 30, 45, and 90 horsepower caterpillar tractors of Soviet design. Ninety-horsepower tractors are useful only if they are hitched in front of heavy guns. Moreover, since 1949 Soviet Army tanks have been repaired at the Brandenburg tractor plant.

Other tractor plants also produce caterpillar tractors, but on a smaller scale than the Schoenbeck plant, whose quota runs to several thousands of tractors per year. All tractor plants are constantly being expanded, as are those plants which produce engines for these tractors. Moreover, one must take into account that to a large extent these tractors are built on Soviet models and that the Soviet command in Karlshorst keeps a very careful eye on tractor production in the Soviet Zone. The tractor parts and the tractor engines are, for the most part, made according to Soviet designs and Soviet norms. The model for tractor construction is the well-known "Krasnyy Oktyabr'" Tractor Plant in Stalingrad, which, during the last war, was one of the principal suppliers of Soviet T-34 tanks.

The urgency with which the tractor plants in East Germany are being expanded, the fact that workers for these plants are drawn from the numerous metal-processing factories, and furthermore, the absolute secrecy which is rigorously maintained around each tractor plant at express Soviet command, suggest that the assembly-line production of tractors has aspects which the Soviet Zone authorities and the Soviets want to keep from the view of any "unauthorized person."

VII. ARMAMENT PRODUCTION IN EAST GERMANY

Besides the preparation for armament production from the point of view of raw materials and installations, actual production has been going on for a long while. The following survey is necessarily incomplete; it is intended to give only an approximate picture. Hence, only a few examples are taken from the various sectors of armament production.

1. Heavy Weapons and Accessories

A number of people-owned and SAG plants make tracks, track links, pins, and guide rollers for the Soviet T-34 tank. Officially, this production goes by the cover name "caterpillar and tractor parts." However, in the whole Soviet

Zone there are not nearly enough dredges, cranes, and tractors to require the vast number of track links, pins, or guide rollers that are turned out. At least 12 large plants in the Soviet Zone produce monthly up to 450 tons of sprocket wheels, cogwheels, and bogie wheels for tanks according to Soviet designs and specifications. The SAG Schaeffer and Budenberg, in Magdeburg, is the most important of these plants.

The SAG Marten (formerly Kunsch Steelworks) in Silbitz and Fassberg near Zeitz has been making bogie wheels for tanks since 1945. At present, production is running about 40 tons monthly. In 1949, the Silbitz plant began the manufacture of track links; up to now, more than 2,000 have been made. Since August 1950, 30 have been cast daily, and production capacity is being increased. Again it is the SAG Schaeffer and Budenberg which shows the greatest production, 700 tons monthly.

Complete tank tracks are produced at SAG Wismuth, Objekt 544, in Zwickau/Saale; the monthly output is 40 units, each 12 meters long and 40 centimeters wide.

The VEB Grossenhain Steam-Hammer Plant makes almost 100,000 tank track pins monthly. Other plants producing these pins are the Rosswein Axle, Spring, and Drop-Forge Plant, a part of VVB GUS (Federation of People-Owned Enterprises for Cast and Forged Products), formerly Dr Carl Wolf, and the Goerlitz Machine Factory, a part of VVB Gesko (Apparatus and Shaft Equipment for the Coal Industry).

The VEB Thueringen Propeller-Shaft Plant, Stadtilm, formerly Borsig, with a capacity of 25,000-30,000 Cardan shafts /no time period given/ produces 25 different types of propeller shafts 30 to 220 millimeters in diameter. All these types are used by the Soviet Army, the smaller diameters in the Studebaker, ZIS, and GAZ army trucks, the larger diameters in tanks.

The former Askania Plant, now part of VVB Mechanik, in Teltow, produced in 1950 about 65,000 pumps for use in the central lubrication of tanks; an additional 16,000 were produced in the VEB Measuring Apparatus Plant in Treuenbriezen.

The SAG Bleichert Plant, Leipzig, had by May 1950 produced a great number of trench diggers with caterpillar treads. Since May, numerous caterpillar chassis without the diggers have been turned out.

In the newly erected VEB Kirchmoeser/Brandenburg Rolling Mill, a special shop has taken up the assembly of diesel engines for tanks. At present, the parts come from the USSR; 100 engines were assembled in October 1950.

The SAG Wetzel Gear Plant, Leipzig, produces 60 heavy gear sets for tanks each month.

The SAG Marten in Silbitz near Grossen/Elster has been producing tank armor plate 5-8 centimeters thick since mid-1950. At the end of November 1950, six such plates were produced daily, but since then the capacity has been constantly expanded. Since May 1950, the plant has been converted more and more to the exclusive manufacture of tank parts. Five new work wings are under construction; the number of workers increased from 2,000 at the beginning of November 1950 to 4,000 in the first quarter of 1951.

At present, the most important plant for the production of tank armor plate is the VEB Kirchmoeser Rolling Mill. This plant turns out daily 45 tons of plate 5-8 centimeters in thickness, 100 centimeters long, and 60 centimeters wide. The SAG Rolling Mill for Nonferrous Metals in Hettstedt, and the KWU (Communal Economic Enterprise), formerly the Sylvia Plant, in Magdeburg, are

also making tank armor plate; the latter plant processes the raw plate produced by the Kirchmoeser plant. Next door to the Kirchmoeser plant, on the grounds of a former tank factory, there is a large tank repair and assembly shop.

In spring 1950, in barely one month, the SAG Waggonbau (Railroad Car Manufacturing), Weimar, welded sheets of tank armor plate 40 centimeters thick onto the front of each of 5,400 Soviet tanks. Six gangs of welders, working in three shifts, were required for the job. Soviet troops and People's Police kept the plant sealed off from the outside world. On the average, 180 tanks were processed during each 24-hour period.

The SAG Frankleben Steelworks, near Merseburg, produces 250 tank turrets monthly. The SAG Krupp-Gruson, Magdeburg, and the VEF Goerlitz Waggonbau, a part of VVB Lowa (Federation of People-Owned Enterprises for Locomotive and Railroad Car Manufacture), also make tank turrets and turret accessories.

The workshop of the former Schwartzkopf Locomotive Plant in Wildau, Kreis Teltow, is one of the depots for tank parts of all kinds sent there by the various processing plants. According to present plans, the Wildau plant is to be developed into a VEB with a production program similar to that of the SAG Krupp-Gruson: heavy machinery, tank parts, heavy steel mill and rolling mill equipment.

The output of all the products listed above is constantly increasing. Former manufacturing plants are being expanded and new ones are being drawn into this armament production. Thousands of workers are being transferred from other plants to these war industries.

2. Weapons and Ammunition

The production of arms and ammunition for small arms and guns is just beginning in the Soviet Zone. Cartridges for carbines are being produced at the VEB Grottendorf Metal Goods Factory, Grottendorf/Erzgebirge. At the end of September 1950 the manufacture of grenades was begun in the former army arsenal at Zeithain, near Riesa. New machine tools have been installed in the buildings that are still intact, and workmen, particularly lathe operators, have been drawn in from VEB plants. The Radebeul Casting and Metal-Enameling Plant (formerly the Gabler Plant), a part of VVB Fagema (Federation of People-Owned Enterprises for Machinery for the Food-Processing, Refrigeration, and Chemical Industries), is making "pineapple" hand grenades such as were formerly used by the German Wehrmacht.

Pistols, carbines, and machine guns are produced at Suhl/Thueringen by the following plants of the VVB Mewa (Federation of People-Owned Enterprises of the Metal Goods Industry): VEB Sporting Rifles and Gauge Factory (formerly Greifelt and Company); VEB Fortuna (formerly Sauer and Son); VEB Merkel Sporting Rifle Factory (formerly Merkel Brothers); VEB Ernst Thaelmann Plant (formerly Wilhelm Gustloff Factory).

3. Signal Equipment

The people-owned and SAG plants of the electrical industry of the Soviet Zone contribute a part of their capacity to the Soviet war machine. A large number of the small electrical plants, as subcontractors for VVB IKA (Fixtures, Cable, and Equipment) and VVB RFT (Radio and Telecommunications), produce individual parts for army signal equipment, which frequently is merely assembled by the larger plants. The producers themselves often do not know that they are making parts for military signal devices. Eighty percent of the total production of the 36 VVB KFT plants, which employ 21,000 men, goes to the Soviets; 20 percent of this amount goes directly for reparations, 60 percent as supplies to the SAG and other armament industries, particularly the shipbuilding industry.

The SAG Sachsenwerk in Radebeul produces 48 radio trucks for the Soviet Army per month. These are 3-ton Studebakers, equipped with so-called "Wuerzburg apparatus" (decimeter-wave transmitters with an output of 8 watts). These special ultra-short-wave trucks are usually assigned to military command posts.

The Werdau/Saale Railroad Car Plant (formerly Schumann Works), a part of VVB Lowa, produces railroad flatcars equipped with a telescopic radio mast that extends 20-30 meters. The designs for these cars come from the USSR.

4. Transportation Equipment

Ninety percent of the vehicle production of East Germany goes to the USSR. This is true of railroad cars, as well as of trucks, trailers, passengers cars, motorcycles, and bicycles. The Soviet Army receives most of the road vehicles. Besides the ordinary railroad passenger and freight cars (including flatcars, refrigerator cars, and other special types), the Soviet Zone makes special cars for the Soviet Army. The VVB Abus (VVB for Mining and Heavy Industrial Equipment) Schiege Steel Construction Plant in Leipzig, formerly the Mannesmann Plant, produces five depressed-center cars monthly, 16 meters long, equipped with a mechanism which allows them to operate on German or Russian gauge. These are special cars for carrying tanks and guns.

Since 1947—48, the SAG Dessau Railroad Car Factory has been turning out flatcars of very heavy construction falsely designated as "crane cars." These are eight-axle cars, 15 meters long, with a wheel diameter of almost 2 meters. Probably 3,000 such "crane cars" have been made since production started; in September 1950, the weekly output was 15-18. These cars are well suited for transporting tanks and heavy guns. Practically all the railroad car plants in the Soviet Zone produce narrow-gauge cars for the use of the Soviet war industry; the SAG Lindner Plant, Ammendorf, is the heaviest producer of these cars. Narrow-gauge locomotives are produced at the VEB Karl Marx Plant, formerly Orenstein and Koppel, Babelsberg near Berlin, and at the LEW (Locomotive Construction and Electrical Equipment), formerly AEG (German General Electric Company), Hennigsdorf. Practically 100 percent of the production goes to the USSR.

Trucks for the Soviet Army are made by the following VVB Ifa plants: Horch in Zwickau/Sachsen, Phaenomen in Zittau/Sachsen, and Framo in Hainichen/Sachsen. At Zwickau, 80 3-ton diesel trucks are produced monthly, while at Zittau 150 2½-ton gasoline trucks and 15 ambulances are turned out in the same period; all these vehicles go to the Soviets.

Truck trailers are produced principally by the SAG Lindner Plant, Halle/Saale, and by the VEB Railroad Car Factory, Werdau/Saale. Most of these vehicles go to the USSR.

Most of the motorcycles built by the SAG Awtowelo, formerly BMW, in Eisenach, are also turned over to the Soviets. These machines have 350 cubic centimeters displacement, rear wheel spring suspension, and a speed of 120 kilometers per hour; they are perfectly suited for motorcycle messengers. The plant produces 200 such machines monthly. The SAG Simson in Suhl makes heavy motorcycles of over 500 cubic centimeters displacement.

The lion's share of the BMW passenger cars produced by the SAG Awtowelo also goes to the USSR.

The following VEBs produce bicycles for the USSR: Wanderer Plant in Chemnitz, Mifa Plant in Sangerhausen, National Plant in Hainsberg near Dresden, Urania Plant in Cottbus, Moewe Plant in Muehlhausen/Thueringen, SAG Simson in Suhl/Thueringen and the Elite Diamond Plant in Siegmar-Schoenau near Chemnitz.

5. Chemicals

A number of people-owned chemical plants are producing explosives in quantities far beyond the needs of the Soviet Zone. Only a very small part of this production is used in mining or in the SAG Wismuth enterprises; by far the greater part is delivered to the USSR. The VEB Explosives Plant at Gnaschwitz near Bautzen makes dynamite, with 50-60 percent nitroglycerine content; blasting gelatine, with 21 percent nitroglycerine content; and pulverized Donarit, with 4 percent nitroglycerine content. Altogether, the plant produces about 1,000 tons a month. A new people-owned explosives plant was built in 1949 at Schoenebeck/Elbe; its production is 250-300 tons of blasting gelatine monthly. The former Fertilia AG in Coswig near Dresden, today a people-owned plant in the VVB Sapotex (Soap and Cleansing Agents) and the largest producer of sulfuric acid in the Soviet Zone, has begun the manufacture of dynamite. The SAG Buna plant in Schkopau near Halle/Saale has begun to produce nitroglycerine. This plant is also producing poison gases, such as mustard gas, phosphorus, /sic phosgene?/ and potassium cyanide. The latest figures obtainable indicate the following daily production (in kilograms): mustard gas, 900; phosphorus, 500-600; and potassium cyanide, 1,000. Potassium cyanide is also made at the VEB Dessau Sugar Refinery; the raw material for its manufacture is the molasses residue from the various Soviet Zone sugar factories.

Fuel for jet aircraft is produced from a gasoline base by the SAG Boehlen, from a nitro base by the SAG Buna, and from an alcohol base by the SAG Leuna. The monthly output of jet fuel amounts at present to about 12,000 tons.

Antiknock gasoline for aircraft is produced at the SAG Boehlen Gasoline Plant. All of the monthly output of about 6,000 tons goes to the Soviet Army; efforts are being made constantly to increase this output.

6. Shipbuilding

As early as spring 1946, shipbuilding was revived in the Mecklenburg shipyards. The small yards were occupied principally with the construction of wooden or metal lifeboats, cutters, sloops, luggers, and seiners. The large yards, such as the SAG Neptun in Rostock, the VVW (Federation of People-Owned Shipyards) Ship Repair Yard in Wismar, the VVW Shipyard in Rostock, and the former Kroeger Yard in Stralsund, repaired and equipped seagoing /merchant?/ vessels, tankers, and warships. All the construction, repair, and equipment contracts were charged to reparations. In 1947, Land Mecklenburg had to pay out over 200 million marks to the Baltic shipyards for the contracts made by the Soviet occupation forces. Of this amount, about 180 million went for repairing and equipping 178 seagoing vessels, tankers, and warships. The magnitude of the repair and equipment operations can be gauged from the fact that for the work done on four Soviet vessels of Class SA 4, 5, 6, and 8, Land Mecklenburg had to pay about 36 million marks to the Neptun Shipyard in Rostock, and the costs had to be calculated at 1944 ceiling prices.

Since the end of 1949, at the insistence of the Soviet authorities, new ship construction has been pushed with great energy at all East German yards. The Two-Year Plan (1949 - 1950) and the Five-Year Plan (1951 - 1955), have drawn into the new shipbuilding program not only the shipyards of the Baltic seaport cities of Rostock, Stralsund, Wismar, and Warnemuende, but even the Elbe shipyards (particularly Magdeburg-Rothensee and Dessau-Rosslau), the people-owned shipyard in Brandenburg, and others.

In the main, this new ship program is concerned with luggers of 450 tons and seiners of 100-350 tons. During 1950, about 200 luggers and 50 seiners were completed. In the preceding years /number not indicated/ about 150 luggers, 70 seiners, and several hundred cutters and other small craft were built. As

a consequence of the extraordinary expansion of the shipyards and the increase in their capacities, the output in 1951 may well exceed that of 1950. The 12 people-owned shipyards of the Soviet Zone have also begun the construction of seagoing vessels. Of course, ship repair for the USSR goes on as before.

The seiners are equipped with a 300-360 horsepower diesel engine; they also have a 120-horsepower auxiliary engine. Their average speed is 12 knots, their maximum speed 18 knots. Since they have automatic pilots, they can be steered by remote control. They seem far better suited for use as outpost patrol boats or the like than as fishing vessels. The luggers are even more obviously planned as war vessels. The forward part of the hull is reinforced and the decks are fitted for the mounting of radar apparatus and guns. They have modern radio equipment. Their holds are so arranged that it would be impossible for them to take on board profitable amounts of fish; only when heavily laden with such items as guns, ammunition, and mines are the vessels properly ballasted. It is claimed that these luggers have 750-horsepower diesel engines; actually, they have 1,000-horsepower diesels. Their construction shows that these vessels are meant to be coastal defense vessels, patrol boats, or mine layers; they have crews of 26-32 men.

The diesel engines for the luggers and seiners are made at the SAG Wolf-Buckau in Magdeburg, VEB Diesel Engine Plant in Rostock, and also, more recently, at the Goerlitz Machine Factory, a part of VVB Gesko. Until a short while ago, the larger engines (750 and 1,000 horsepower) were obtained from West Germany or the USSR.

The SAG Neptun Shipyard in Rostock has, for several years, been overhauling and reconditioning former German warships. Up to the present, the following have been overhauled (all of them sailed out of the harbor toward the east): 30 mine sweepers, one mine layer, 6 cruisers, and 3 destroyers.

At the people-owned Hansa Shipyard in Wismar, by mid-October 1950, five former German mine layers had been reconditioned for use by the newly-established Soviet Zone Sea Police.

7. Equipment

Military boots for the Soviet Army are made principally in the numerous shoe factories in Weissenfels belonging to the VVB SLV (Shoes and Leather Processing) Weissenfels/Saale. Every month 25,000 pairs of boots are produced here; only the very best leather obtainable in the Soviet Zone may be used for this footwear.

Many plants of the VVB Konfektion (Ready-Made Clothing) I and II in Auerbach/Vogtland and Halle/Saale are occupied exclusively with the manufacture of uniforms for the Soviet Army. The VEB Halle Clothing Factory, Halle/Saale, alone produced about 150,000 uniforms in 1949; the total produced by all factories that year was over a million. The 1950 output was considerably higher.

A number of the plants of the VVB SLV Elbe-Dresden produce belts and German Army model leather ammunition pouches for the Soviet Army. The VEB Leather and Drive Belt Factory in Dresden makes carrying straps for small arms and machine guns, besides belts and ammunition pouches.

The VEB Zeiss/Jena produces for the Soviet Army all kinds of optical apparatus, from field glasses to radar equipment; this material is used in the infantry and the artillery, in tanks, submarines, and aircraft. The well-known camera factories in Dresden, now part of VVB Optik, deliver photographic equipment; SAG Agfa-Wolfen (formerly Agfa of IG Farben) furnishes films; and the VVB Kodak and Mimosa supply photographic papers to the Soviet Army.

Still other VEB and some private plants, e.g., Otto Maether in Dresden, are occupied largely in supplying the Soviets with other equipment such as underwear, socks, gloves, and cooking utensils.

8. Army Rations

All provisions for the Soviet Army units stationed in the Soviet Zone are taken from the Soviet Zone, and the cost of this provisioning must be borne by the Soviet Zone government. In addition, vast quantities of food from the Soviet Zone must be delivered to the USSR. In 1948, the monthly shipments to the USSR by rail alone averaged (in hundredweights i.e., 50-kilogram units): flour and grain products, 600,000; live cattle, 200,000; fats, meat, and canned fruits, 250,000; and sugar, 150,000. Also great quantities of potatoes, legumes, and vegetables must be sent to the USSR after each harvest. In 1950, Land Sachsen-Anhalt had to deliver the following percentages of its total production of foodstuffs to the occupying forces:

	Percent
Meat	20-25
Lard and bacon	15
Butter	25-30
Fish	35
Flour	30
Legumes	10
Cereal products	10
Sugar	30-35
Confectionery goods	20
Vegetables and canned vegetables	40-60
Fruit and canned fruit, jams	30

In terms of quantity that means, for example, 30,000 tons of meat; 7,200 tons of bacon, 4,800 tons of lard; 18,000 tons of butter; 84,000 tons of flour; 30,000 tons of sugar; and 10,000 tons of fruits, canned fruits, and jams.

In general, all grade I and II cattle are set aside for the Soviets. In the case of flour, cereal products, confectionery goods, canned vegetables, fresh vegetables, fruits, jams, canned fruits, and fish, the Soviets demand that their share be exclusively of top quality. The Soviet share of the food production in the other Laender of the Soviet Zone is probably about the same on the average as in Sachsen-Anhalt.

9. Other Armament Material

It is impossible to list all the other armament production that goes on in the Soviet Zone. The following are a few random examples:

The VEB Calorimeter and Radiator Plant (VVB Mechanik), formerly Junkers, in Dessau, makes light fixtures for airports and searchlights. The light fixtures are produced in units 100 centimeters long; the searchlights are 500 millimeters in diameter.

Four plants in the Soviet Zone make German Army model cable winches for captive balloons. In 1950 each plant turned out 1,500 units, or 6,000 in all.

The Stamping and Wire-Mesh Plant (VVB TEWA - Industrial Iron Products and Tools), formerly Pabst and Kilian, in Raguhn, has been making special wire mesh for jet aircraft since 1948. This plant, which also makes cooking utensils for the army, is under very strict Soviet control.

The SAG Buna, Schkopau, makes aircraft tires; several freight cars leave the plant daily for the USSR.

The SAG Oberschoeneweide Battery Factory, formerly Varta, in Berlin-Oberschoeneweide, produces about 100 special tank and aircraft batteries monthly.

The SAG Wolf-Buckau, in Magdeburg, makes large diesel engines for submarines. The designs for these engines, which are packed in special boxes and dispatched from the Soviet Zone via the port of Wismar, came from the USSR.

The SAG "Podyemnik," formerly the Mako plant, in Rudisleben, Kreis Arnstadt, makes airfield storage tanks for jet fuel. These tanks have a capacity of 10,000 liters and are mounted on an undercarriage. By the end of October 1950, 40 such tanks had been produced. This SAG also makes shell cases for armor-piercing shells. The SAG "Podyemnik," the VEB Malthouse Equipment and Heating-Plant Construction Plant (VVB Nagema), formerly I. A. Topf and Sons, in Erfurt, and the SAG Thale Ironworks make field-kitchen boilers.

In fall 1950, the VEB Spezima, in Dresden, received its first secret contract for 20 cartridge-making machines (Patronen-Walzmaschinen). Advance payment for the contract was made by the Soviets.

VIII. REPARATIONS FROM THE SOVIET ZONE

At the beginning of the occupation regime in the Soviet Zone, the USSR requisitioned over 90 percent of all output in all fields of production.

Many methods were used to get these products. Delivery of reparations was one way; requisitioning by the Soviet Army was another; priority delivery to state-owned Soviet export firms a third; and selling through a black market organized by the occupying forces a fourth. In addition, there were numerous variations of these techniques.

For instance, Land Sachsen was obliged to deliver as reparations 30 million marks' worth of its industrial products within one month. Included in this amount were tools and steels, 2.8 million; machine tools, 1.6 million; optical equipment, 1.3 million; and electrical equipment, 1.1 million.

Within one month the Soviet Army demanded from Land Sachsen products valued at about 20 million marks; 4 million of this was for canteens and belt buckles.

The commerical branch (Handelsnetz) of the Soviet Army demanded within one month 8 million marks' worth of industrial products from Land Sachsen; this amount included mattresses, .4 million; sewing machines, .2 million; office furniture, neckties, men's hats, and washing machines, .15 million each.

The commercial branch of the Soviet Military Administration received from Land Sachsen within one month 4-5 million marks' worth of industrial products, including, for example, 150,000 marks' worth of each of the following: writing tables, bedroom furniture, club furniture, and ladies' suitcases.

The Soviet Administration for Foreign Trade took from Land Sachsen within one month about 5 million marks' worth of industrial products, including, for example, 1.6 million in sawn lumber; .9 million in cutting machines; .5 million in cameras; and .2 million each in sewing machines, packing machines, typewriters, and leather shoes.

Subsidies were required for all the goods delivered to the various Soviet recipients. Insofar as the value of these deliveries exceeded the reparation account, the USSR credited them at 1944 prices. The excess costs occasioned by the increase in cost of raw materials, by the increase in taxes, and by the decline in production resulting from the dismantling of machinery and equipment were all charged to the Soviet Zone.

The volume of goods deliveries to the USSR has declined somewhat in the past 2 years. However, it is still necessary to subsidize all products which are sent from the Soviet Zone to the USSR. The SAG are subsidized by the Soviet Zone as a general rule, while the people-owned and private enterprises whose products are delivered to the USSR are subsidized in individual cases only.

The USSR credits a fishing lugger at 430,000 marks, but the cost of production is 650,000 marks; the Soviet Zone pays the difference out of taxes.

A standard wooden house, thousands of which have been delivered to the USSR, costs 27,000 marks to produce, but only 12,000 marks may be charged against the account of the USSR. For copper, the difference between the cost of production and the delivery price to the USSR is even more unfavorable (8:1); for machines, tools, optical apparatus, and electrical equipment the ratio is 2:1; for textiles and leather goods it is 1.5:1.

Whatever the USSR takes from the Soviet Zone is obtained always at a price considerably below the cost of production. The SAG alone, even today, account for more than 30 percent of the total Soviet Zone industrial production; in the key industries, they account for about 75 percent of the total. Together, these factors represent a considerable strengthening of the Soviet economic and armament potential.

IX. CONCLUSIONS

The armament manufacture which is carried out for the USSR in the Soviet Zone must be evaluated from several points of view:

1. The armament products made in the Soviet Zone relieve the strain on the USSR armament industry.

2. The armament production of the Soviet Zone bolsters the potential of the USSR, particularly in regard to iron, steel, heavy machinery, and heavy chemistry, which are still bottlenecks in the USSR.

3. The USSR saves a great deal of money by placing armament contracts in the Soviet Zone, since, as an occupying power, it insists upon paying only 1944 prices.

4. Since the USSR procures East German armament goods through "regular" export very cheaply, it can gradually loosen the screws on reparations; any lowering of reparations demands makes good propaganda.

5. The USSR, by increasing its contracts to the Soviet Zone, is aiding the economy of the zone. The standard of living in the Soviet Zone is gradually improving as a result. Thus the Soviets are furnished with another propaganda weapon.

6. Because of the continuing integration of the Soviet Zone economy with the Moscow-directed planned economy of the Eastern Bloc, the absorption of the Soviet Zone into the Soviet sphere of influence is becoming more and more complete and, as a consequence, the zone's dependence on the USSR is becoming constantly greater.

How great this dependence is was attested, for example, by Walter Ulbricht, general secretary of the SED and Deputy Minister-President of the Soviet Zone government, when, in mid-1948, in announcing the Two-Year Plan of 1949 - 1950, he said that the plan demanded greater industrial activity on the part of East Germany so that "the USSR will not have to fall behind the USA in economic power."

Since then, the Communist leaders of the Soviet Zone have taken the final step. President Wilhelm Pieck and other high officials recently announced, "We shall fight enthusiastically by the side of the USSR against the West."

Only from this point of view is it understandable that the Soviet Zone leaders have slavishly taken over the exploitation methods of the USSR and fastened them on the Soviet Zone.

The so-called activist movements, which entail constantly increasing norms, intensify the armament efforts and simultaneously reduce the cost of these efforts. However, the unquestioned increase in the tempo of production in the Soviet Zone achieved by these methods in no way reflects the standard of living, which is still quite low.

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